

ENROLLED SENATE
BILL NO. 995

By: Coates of the Senate

and

Morgan, Cannaday, Collins,
Hickman, Hoskin, Kiesel,
McAffrey and Roan of the
House

An Act relating to intoxicating liquors; amending 37 O.S. 2001, Sections 518, as last amended by Section 1, Chapter 353, O.S.L. 2007 and 521, as last amended by Section 1 of Enrolled Senate Bill No. 41 of the 2nd Session of the 51st Oklahoma Legislature (37 O.S. Supp. 2007, Sections 518), which relate to kinds of licenses and fees and acts authorized by the various licenses; adding fee for certain new license; clarifying reference; modifying provisions relating to a winemaker license; authorizing certain winemakers to elect to sell and self-distribute wine directly to a retail package store or restaurant under certain circumstances; prohibiting the use of a licensed wholesale distributor in certain circumstances; requiring certain winemakers to sell its wines to certain retail package stores and restaurants on the same price basis and without discrimination; requiring certain winemakers to use certain vehicles to deliver certain wines; prohibiting the use of certain common or private contract carriers; requiring certain permits; prohibiting the direct sale of wine to retail package stores or restaurants in certain circumstances; providing for a winemaker self-distribution license; modifying provisions for a package store license, a mixed beverage license, a carrier license, a private carrier license and a beer and wine license;

requiring certain winemakers or wineries to obtain a certain license; requiring certain reports; providing for certain taxes; providing for certain sale of wine when certain production volume limit is exceeded; prohibiting the creation, formation or participation in certain cooperative or pooled transportation or distribution arrangement; providing for violations and penalties; providing for codification; and providing a provisional effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 37 O.S. 2001, Section 518, as last amended by Section 1, Chapter 353, O.S.L. 2007 (37 O.S. Supp. 2007, Section 518), is amended to read as follows:

Section 518. A. Except as otherwise provided in this section, the licenses issued by the Alcoholic Beverage Laws Enforcement Commission, and the annual fees therefor, shall be as follows:

1. Brewer License..... \$1,250.00
2. Oklahoma Brewer License..... \$125.00
3. Distiller License
 - a. For each fiscal year ending after June 30, 2010..... \$3,125.00
 - b. For the fiscal years ending June 30, 2008, 2009 and 2010..... \$1,250.00
4. Winemaker License..... \$625.00
5. Oklahoma Winemaker License..... \$75.00
6. Rectifier License

- a. For each fiscal year ending after June 30, 2010..... \$3,125.00
- b. For the fiscal years ending June 30, 2008, 2009 and 2010..... \$1,250.00
- 7. Wholesaler License..... \$3,500.00
- 8. Class B Wholesaler License..... \$625.00
- 9. The following package store license fees shall be determined by the latest Federal Decennial Census:
 - a. Package Store License for cities and towns from 200 to 2,500 population..... \$305.00
 - b. Package Store License for cities and towns from 2,501 to 5,000 population..... \$605.00
 - c. Package Store License for cities and towns over 5,000 population..... \$905.00
- 10. Mixed Beverage License..... \$1,005.00
 - (initial license)
 - \$905.00
 - (renewal)
- 11. Mixed Beverage/Caterer Combination License..... \$1,250.00
- 12. Beer and Wine License..... \$500.00
 - (initial license)
 - \$450.00
 - (renewal)
- 13. Bottle Club License..... \$1,000.00
 - (initial license)
 - \$900.00
 - (renewal)

14.	Caterer License.....	\$1,005.00 (initial license) \$905.00 (renewal)
15.	Annual Special Event License.....	\$55.00
16.	Quarterly Special Event License.....	\$55.00
17.	Hotel Beverage License.....	\$1,005.00 (initial license) \$905.00 (renewal)
18.	Airline/Railroad Beverage License.....	\$1,005.00 (initial license) \$905.00 (renewal)
19.	Agent License.....	\$55.00
20.	Employee License.....	\$30.00
21.	Industrial License.....	\$23.00
22.	Carrier License.....	\$23.00
23.	Private Carrier License.....	\$23.00
24.	Bonded Warehouse License.....	\$190.00
25.	Storage License.....	\$23.00
26.	Nonresident Seller License.....	\$750.00
27.	Manufacturers Agent License.....	\$55.00
28.	Sacramental Wine Supplier License.....	\$100.00
29.	Charitable Auction License.....	\$1.00
30.	<u>Winemaker Self-distribution License</u>	<u>\$750.00</u>

There shall be added to the initial or renewal fees for a Mixed Beverage License an administrative fee, which shall not be deemed to be a license fee, in the amount of Five Hundred Dollars (\$500.00), which shall be paid at the same time and in the same manner as the license fees prescribed by paragraph 10 of this subsection; provided, this fee shall not be assessed against service organizations or fraternal beneficiary societies which are exempt under Section 501(c)(19), (8) or (10) of the Internal Revenue Code. There shall be added to the fee for a Mixed Beverage/Caterer Combination License an administrative fee, which shall not be deemed to be a license fee, in the amount of Two Hundred Fifty Dollars (\$250.00), which shall be paid at the same time and in the same manner as the license fee prescribed by paragraph 11 of this subsection.

B. Notwithstanding the provisions of subsection A of this section:

1. The license fee for a mixed beverage or bottle club license for those service organizations or fraternal beneficiary societies which are exempt under Section 501(c)(19), (8) or (10) of the Internal Revenue Code shall be Five Hundred Dollars (\$500.00) per year;

2. The fees provided for in subsection A of this section for a brewer license and for a Class B wholesaler license shall be reduced by seventy-five percent (75%) if the applicant therefor is also the holder of a license to manufacture or wholesale any low-point beer as provided for in this title; and

3. The renewal fee for an airline/railroad beverage license held by a railroad described in 49 U.S.C., Section 24301, shall be One Hundred Dollars (\$100.00).

C. An applicant may apply for and receive both a beer and wine license and a caterer license.

D. All licenses, except as otherwise provided, shall be valid for one (1) year from date of issuance unless revoked or surrendered. Provided, all employee licenses issued on or after September 1, 1993, shall be valid for two (2) years.

E. The holder of a license, issued by the ABLE Commission, for a bottle club located in a county of this state where the sale of alcoholic beverages by the individual drink for on-premises consumption has been authorized, may exchange the bottle club license for a mixed beverage license or a beer and wine license and operate the licensed premises as a mixed beverage establishment or a beer and wine establishment subject to the provisions of the Oklahoma Alcoholic Beverage Control Act. There shall be no additional fee for such exchange and the mixed beverage license or beer and wine license issued shall expire one (1) year from the date of issuance of the original bottle club license.

SECTION 2. AMENDATORY 37 O.S. 2001, Section 521, as last amended by Section 1 of Enrolled Senate Bill No. 41 of the 2nd Session of the 51st Oklahoma Legislature, is amended to read as follows:

Section 521. A. A brewer license shall authorize the holder thereof: To manufacture, bottle, package, and store beer on licensed premises; to sell beer in this state to holders of Class B wholesaler licenses and retail licenses and to sell beer out of this state to qualified persons.

B. A distiller license shall authorize the holder thereof: To manufacture, bottle, package, and store spirits on licensed premises; to sell spirits in this state to licensed wholesalers and manufacturers only; to sell spirits out of this state to qualified persons; to purchase from licensed distillers and rectifiers in this state, and import spirits from without this state for manufacturing purposes in accordance with federal laws and regulations.

C. A winemaker license shall authorize the holder thereof: To manufacture (including such mixing, blending and cellar treatment as authorized by federal law), bottle, package, and store on licensed premises wine containing not more than twenty-four percent (24%) alcohol by volume, provided the bottle or package sizes authorized shall be limited to the capacities approved by the United States Alcohol and Tobacco Tax and Trade Bureau of Alcohol, Tobacco and Firearms; to sell wine in this state to licensed wholesalers and manufacturers, ~~provided, an Oklahoma winemaker may sell and ship wine produced at a winery in this state directly to retail package~~

~~stores and restaurants in this state; to sell bottles of wine produced at the winery from grapes and other fruits and berries grown in this state, if available, to consumers on the premises of the winery; to serve visitors on the licensed premises samples of wine produced on the premises; to serve samples of wine produced at the winery at festivals and trade shows; to sell wine produced at the winery, in original sealed containers, at festivals and trade shows; to sell wine out of this state to qualified persons; to purchase from licensed winemakers, distillers and rectifiers in this state, and to import into this state wine, brandy and fruit spirits for use in manufacturing in accordance with federal laws and regulations; provided, a winemaker either within or without this state that annually produces no more than ten thousand (10,000) gallons of wine may elect to sell and self-distribute the wine produced by such winemaker directly to licensed retail package stores and restaurants in this state; and provided further that:~~

- a. any such winemaker which elects to directly sell its wine to package stores and restaurants shall not also use a licensed wholesale distributor as a means of distribution, and shall be required to sell its wines to every package store and restaurant licensee who desires to purchase the same, on the same price basis and without discrimination, and
- b. if a winemaker or winery sells directly to a retail package store or restaurant, the winemaker shall transport the wine from the winemaker's winery to the premises where the wine is to be delivered only in vehicles owned or leased by the winemaker and not by common or private contract carrier and shall obtain all necessary permits as required by the Oklahoma Alcoholic Beverage Control Act, and
- c. if the production volume limit applicable to winemakers is ruled to be unconstitutional by a court of competent jurisdiction, then no winemaker shall be permitted to directly sell its wine to retail package stores or restaurants in this state.

D. A winemaker self-distribution license shall authorize a licensed winemaker within or without this state which is permitted by Section 3 of Article XXVIII of the Oklahoma Constitution and

paragraph 3 of subsection C of this section, to distribute its wine directly to retail package stores and restaurants in this state and that elects to do so, to sell and deliver its wines directly to licensed retail package stores and restaurants in this state in full case lots only, and in accordance with the provisions of the Oklahoma Alcoholic Beverage Control Act and such rules as the Oklahoma Alcoholic Beverage Laws Enforcement Commission shall adopt.

~~D.~~ E. A rectifier license shall authorize the holder thereof: To rectify spirits and wines, bottle, package, and store same on the licensed premises; to sell spirits and wines in this state to licensed wholesalers and manufacturers only; to sell spirits and wines out of this state to qualified persons; to purchase from licensed manufacturers in this state; and to import into this state for manufacturing purposes spirits and wines in accordance with federal laws and regulations.

~~E.~~ F. A wholesaler license shall authorize the holder thereof: To purchase and import into this state spirits and wines from persons authorized to sell same who are the holders of a nonresident seller license, and their agents who are the holders of manufacturers agent licenses; to purchase spirits and wines from licensed distillers, rectifiers, winemakers and wholesalers in this state; to sell spirits and wines in retail containers in this state to retailers, mixed beverage, caterer, special event, hotel beverage or airline/railroad beverage licensees; to sell spirits and wines to wholesalers authorized to sell same; and to sell spirits and wines out of this state to qualified persons. Provided, however, sales of spirits and wine in containers with a capacity of less than one-twentieth (1/20) gallon by a holder of a wholesaler license shall be in full case lots and in the original unbroken case. Wholesalers shall be authorized to place such signs outside their place of business as are required by Acts of Congress and by such laws and regulations promulgated under such Acts.

A wholesaler license shall authorize the holder thereof to operate a single bonded warehouse with a single central office together with delivery facilities at a location in this state only at the principal place of business for which the wholesaler license was granted.

~~F.~~ G. A Class B wholesaler license shall authorize the holder thereof: To purchase and import into this state beer from persons authorized to sell same who are the holders of nonresident seller licenses, and their agents who are the holders of manufacturers agent licenses; to purchase beer from licensed brewers and Class B wholesalers in this state; to sell in retail containers to retailers, mixed beverage, caterer, special event, hotel beverage and airline/railroad beverage licensees in this state, beer which has been unloaded and stored at the holder's self-owned or leased and self-operated warehouse facilities for a period of at least twenty-four (24) hours before such sale; and to sell beer in this state to Class B wholesalers and out of this state to qualified persons, including federal instrumentalities and voluntary associations of military personnel on federal enclaves in this state over which this state has ceded jurisdiction.

~~G.~~ H. A package store license shall authorize the holder thereof: To purchase alcohol, spirits, beer and wine in retail containers from the holder of a brewer, wholesaler or Class B wholesaler license and to purchase wine ~~produced at a winery in this state from an Oklahoma winemaker~~ from a winemaker who is permitted and has elected to self-distribute as provided in Section 3 of Article XXVIII of the Oklahoma Constitution and to sell same on the licensed premises in such containers to consumers for off-premises consumption only and not for resale; provided, wine may be sold to charitable organizations that are holders of charitable auction or charitable wine event licenses. All alcoholic beverages that are sold by a package store are to be sold at ordinary room temperature.

~~H.~~ I. A mixed beverage license shall authorize the holder thereof: To purchase alcohol, spirits, beer or wine in retail containers from the holder of a wholesaler or Class B wholesaler license or as specifically provided by law and to sell, offer for sale and possess mixed beverages for on-premises consumption only; provided, the holder of a mixed beverage license issued for an establishment which is also a restaurant may purchase wine ~~produced at wineries in this state directly from an Oklahoma~~ a winemaker who is permitted and has elected to self-distribute as provided in Section 3 of Article XXVIII of the Oklahoma Constitution.

Sales and service of mixed beverages by holders of mixed beverage licenses shall be limited to the licensed premises of the

licensee unless the holder of the mixed beverage license also obtains a caterer license or a mixed beverage/caterer combination license. A mixed beverage license shall only be issued in counties of this state where the sale of alcoholic beverages by the individual drink for on-premises consumption has been authorized. A separate license shall be required for each place of business. No mixed beverage license shall be issued for any place of business functioning as a motion picture theater, as defined by Section 506 of this title.

~~I.~~ J. A bottle club license shall authorize the holder thereof: To store, possess and mix alcoholic beverages belonging to members of the club and to serve such alcoholic beverages for on-premises consumption to club members. A bottle club license shall only be issued in counties of this state where the sale of alcoholic beverages by the individual drink for on-premises consumption has not been authorized. A separate license shall be required for each place of business.

~~J.~~ K. A caterer license shall authorize the holder thereof: To sell mixed beverages for on-premises consumption incidental to the sale or distribution of food at particular functions, occasions, or events which are temporary in nature. A caterer license shall not be issued in lieu of a mixed beverage license. A caterer license shall only be issued in counties of this state where the sale of alcoholic beverages by the individual drink for on-premises consumption has been authorized. A separate license shall be required for each place of business.

~~K.~~ L. 1. An annual special event license shall authorize the holder thereof: To sell and distribute mixed beverages for consumption on the premises for which the license has been issued for up to four events to be held over a period not to exceed one (1) year, not to exceed two such events in any three-month period. For purposes of this paragraph, an event shall not exceed a period of ten (10) consecutive days. An annual special event license shall only be issued in counties of this state where the sale of alcoholic beverages by the individual drink for on-premises consumption has been authorized. The holder of an annual special event license shall provide written notice to the ABLE Commission of each special event not less than ten (10) days before the event is held.

2. A quarterly special event license shall authorize the holder thereof: To sell and distribute mixed beverages for consumption on the premises for which the license has been issued for up to three events to be held over a period not to exceed three (3) months. For purposes of this paragraph, an event shall not exceed a period of ten (10) consecutive days. A quarterly special event license shall only be issued in counties of this state where the sale of alcoholic beverages by the individual drink for on-premises consumption has been authorized. The holder of a quarterly special event license shall provide written notice to the ABLE Commission of each special event not less than ten (10) days before the event is held.

~~L.~~ M. A hotel beverage license shall authorize the holder thereof: To sell or serve alcoholic beverages in 50 milliliter spirits, 187 milliliter wine, and 12-ounce malt beverage containers which are distributed from a hotel room mini-bar. A hotel beverage license shall only be issued in counties of this state where the sale of alcoholic beverages by the individual drink for on-premises consumption has been authorized. A hotel beverage license shall only be issued to a hotel or motel as defined by Section 506 of this title which is also the holder of a mixed beverage license. Provided, that application may be made simultaneously for both such licenses. A separate license shall be required for each place of business.

~~M.~~ N. An airline/railroad beverage license shall authorize the holder thereof: To sell or serve alcoholic beverages in or from any size container on a commercial passenger airplane or railroad operated in compliance with a valid license, permit or certificate issued under the authority of the United States or this state, even though the airplane or train, in the course of its travel, may cross an area in which the sale of alcoholic beverages by the individual drink is not authorized and to store alcoholic beverages in sealed containers of any size at any airport or station regularly served by the licensee, in accordance with rules promulgated by the Alcoholic Beverage Laws Enforcement Commission. Alcoholic beverages purchased by the holder of an airline/railroad license from the holder of a wholesaler license shall be presumed to be purchased for consumption outside the State of Oklahoma or in interstate commerce, and shall be exempt from the excise tax provided for in Section 553 of this title.

~~N.~~ O. An agent license shall authorize the holder thereof: To represent only the holders of licenses within this state, other than retailers, authorized to sell alcoholic beverages to retail dealers in Oklahoma, and to solicit and to take orders for the purchase of alcoholic beverages from retailers including licensees authorized to sell alcoholic beverages by the individual drink for on-premises consumption. Such license shall be issued only to agents and employees of the holder of a license under the Oklahoma Alcoholic Beverage Control Act, Section 502 et seq. of this title but no such license shall be required of an employee making sales of alcoholic beverages on licensed premises of the employee's principal. No person holding an agent license shall be entitled to a manufacturers agent license.

~~O.~~ P. An employee license shall authorize the holder thereof: To work in a package store, mixed beverage establishment, bottle club, or any establishment where alcohol or alcoholic beverages are sold, mixed, or served. Persons employed by a mixed beverage licensee or a bottle club who do not participate in the service, mixing, or sale of mixed beverages shall not be required to have an employee license. Provided, however, that a manager employed by a mixed beverage licensee or a bottle club shall be required to have an employee license whether or not the manager participates in the service, mixing or sale of mixed beverages. Applicants for an employee license must have a health card issued by the county in which they are employed, if the county issues such a card. Employees of special event, caterer or airline/railroad beverage licensees shall not be required to obtain an employee license. Persons employed by a hotel licensee who participate in the stocking of hotel room mini-bars or in the handling of alcoholic beverages to be placed in such devices shall be required to have an employee license.

~~P.~~ Q. An industrial license may be issued to persons desiring to import, transport, and use alcohol for the following purposes:

1. Manufacture of patent, proprietary, medicinal, pharmaceutical, antiseptic, and toilet preparations;

2. Manufacture of extracts, syrups, condiments, and food products; and

3. For use in scientific, chemical, mechanical, industrial, and medicinal products and purposes.

No other provisions of the Oklahoma Alcoholic Beverage Control Act shall apply to alcohol intended for industrial, medical, mechanical, or scientific use.

Any person receiving alcohol under authority of an industrial license who shall use, permit, or cause same to be used for purposes other than authorized purposes specified above, and all such alcohol, shall be liable to all provisions of the Oklahoma Alcoholic Beverage Control Act, including payment of tax thereon.

No provisions of the Oklahoma Alcoholic Beverage Control Act shall apply to alcohol withdrawn by any person free of federal tax under a tax-free permit issued by the United States government, if such alcohol is received, stored, and used as authorized by federal laws.

~~Q.~~ R. A carrier license may be issued to any common carrier operating under a certificate of convenience and necessity issued by any duly authorized federal or state regulatory agency. Such license shall authorize the holder thereof to transport alcoholic beverages other than wine sold directly by a winemaker or winery to a retail package store or restaurant into, within, and out of this state under such terms, conditions, limitations, and restrictions as the ABLE Commission may prescribe by order issuing such license and by regulations.

~~R.~~ S. A private carrier license may be issued to any carrier other than a common carrier described in subsection ~~P~~ Q of this section. Such license shall authorize the holder thereof to transport alcoholic beverages other than wine sold directly by a winemaker or winery to a retail package store or restaurant into, within, or out of this state under such terms, conditions, limitations, and restrictions as the ABLE Commission may prescribe by order issuing such license and by regulations. No carrier license or private carrier license shall be required of licensed brewers, distillers, winemakers, rectifiers, wholesalers, or Class B wholesalers, to transport alcoholic beverages from the place of purchase or acquisition to the licensed premises of such licensees and from such licensed premises to the licensed premises of the

purchaser in vehicles owned or leased by such licensee when such transportation is for a lawful purpose and not for hire.

No carrier license or private carrier license shall be required of the holder of a package store, mixed beverage, caterer, special event, hotel beverage or airline/railroad license to pick up alcoholic beverage orders from the licensees' wholesaler or Class B wholesaler from whom they are purchased, and to transport such alcoholic beverages from the place of purchase or acquisition to the licensed premise of such licensees in vehicles owned or under the control of such licensee or a licensed employee of such licensee under such terms, conditions, limitations and restrictions as the ABLE Commission may prescribe.

~~S.~~ T. A bonded warehouse license shall authorize the holder thereof: To receive and store alcoholic beverages for the holders of storage licenses on the licensed premises of the bonded warehouse licensee. No goods, wares or merchandise other than alcoholic beverages may be stored in the same bonded warehouse with alcoholic beverages. The holder of a bonded warehouse license shall furnish and file with the ABLE Commission a bond running to all bailers of alcoholic beverages under proper storage licenses and their assignees (including mortgagees or other bona fide lienholders) conditioned upon faithful performance of the terms and conditions of such bailments.

~~F.~~ U. A storage license may be issued to a holder of a brewer, distiller, winemaker, rectifier, wholesaler, Class B wholesaler, nonresident seller, package store, mixed beverage, caterer, or hotel beverage license, and shall authorize the holder thereof: To store alcoholic beverages in a public warehouse holding a bonded warehouse license, and no goods, wares or merchandise other than alcoholic beverages may be stored in the same warehouse with alcoholic beverages in private warehouses owned or leased and operated by such licensees elsewhere than on their licensed premises. Provided:

1. A storage license issued to a Class B wholesaler shall permit the storage of light beer and permit the sale and delivery to retailers from the premises covered by such license;

2. Any licensee who is the holder of a mixed beverage/caterer combination license or the holder of a mixed beverage license and a

hotel beverage license who is issued a storage license shall store all inventories of alcoholic beverages either on the premises of the mixed beverage establishment or in the warehouse;

3. A storage license shall not be required for a special event licensee storing alcoholic beverages for use at a subsequent event; and

4. Notwithstanding the provisions of subsection H of this section or any other provision of this title, a licensee who wholly owns more than one licensed mixed beverage establishment may store alcoholic beverages for each of the licensed establishments in one location under one storage license. Alcoholic beverages purchased and stored pursuant to the provisions of a storage license, for one licensed mixed beverage establishment may be transferred by a licensee to another licensed mixed beverage establishment which is wholly owned by the same licensee. Notice of such a transfer shall be given in writing to the Oklahoma Tax Commission and the ABLE Commission within three (3) business days of the transfer. The notice shall clearly show the quantity, brand and size of every transferred bottle or case.

~~U.~~ V. A sacramental wine supplier license shall authorize the holder thereof: To sell, ship or deliver sacramental wine to any religious corporation or society of this state holding a valid exemption from taxation issued pursuant to Section 501(a) of the Internal Revenue Code, 1986, and listed as an exempt organization in Section 501(c)(3) of the Internal Revenue Code, 1986, of the United States, as amended.

~~V.~~ W. A beer and wine license shall authorize the holder thereof: To purchase beer and wine in retail containers from the holder of a wholesaler or Class B wholesaler license or as specifically provided by law and to sell, offer for sale and possess beer and wine for on-premises consumption only; provided, the holder of a beer and wine license issued for an establishment which is also a restaurant may purchase wine ~~produced at wineries in this state directly from an Oklahoma winemaker~~ from a winemaker who is permitted and has elected to self-distribute as provided in Section 3 of Article XXVIII of the Oklahoma Constitution.

Sales and service of beer and wine by holders of beer and wine licenses shall be limited to the licensed premises of the licensee unless the holder of the beer and wine license also obtains a caterer license. A beer and wine license shall only be issued in counties of this state where the sale of alcoholic beverages by the individual drink for on-premises consumption has been authorized. A separate license shall be required for each place of business. No beer and wine license shall be issued for any place of business functioning as a motion picture theater, as defined by Section 506 of this title. No spirits shall be stored, possessed or consumed on the licensed premises of a beer and wine licensee.

~~W.~~ X. A charitable auction , charitable wine event or charitable beer event license may be issued to a charitable organization exempt from taxation under Section 501(c)(3), (4), (5), (7), (8), (9), (10), or (19) of the United States Internal Revenue Code. The charitable wine event license or charitable beer event license shall authorize the holder thereof to conduct a wine or beer event which may consist of one or more of a wine or beer tasting event, a wine or beer dinner event or a wine or beer auction, which may be either a live auction conducted by an auctioneer or a silent auction for which:

1. Bid sheets are accepted from interested bidders at the event;

2. The holders of tickets are allowed to bid online for a period not exceeding thirty (30) days prior to the event; or

3. Both bid sheets are accepted at the event and online bids are accepted pursuant to paragraph 2 of this subsection.

A charitable wine or charitable beer event shall be conducted solely to raise funds for charitable purposes. Wine or beer used in, served, or consumed at a charitable wine or beer event may be purchased by the charitable organization or donated by any person or entity. The charitable wine event license or charitable beer event license shall be issued for a period not exceeding four (4) days. Only one such license may be issued to an organization in any twelve-month period. The charitable organization holding a charitable wine event license or charitable beer event license shall not be required to obtain a special event license. The charitable

auction license shall authorize the holder thereof to auction wine purchased from a retail package store or received as a gift from an individual if the auction is conducted to raise funds for charitable purposes. The charitable auction license shall be issued for a period not to exceed two (2) days. Only one such license shall be issued to an organization in any twelve-month period. The maximum amount of wine auctioned pursuant to the charitable auction license shall not exceed fifty (50) gallons. All wines auctioned pursuant to the charitable auction license shall be registered and all fees and taxes shall be paid in accordance with the Oklahoma Alcoholic Beverage Control Act.

~~X.~~ Y. A mixed beverage/caterer combination license shall authorize the holder thereof: To purchase or sell mixed beverages as specifically provided by law for the holder of a mixed beverage license or a caterer license. All provisions of the Oklahoma Alcoholic Beverage Control Act applicable to mixed beverage licenses or caterer licenses, or the holders thereof, shall also be applicable to mixed beverage/caterer combination licenses or the holders thereof, except where specifically otherwise provided. A mixed beverage/caterer combination license shall only be issued in counties of this state where the sale of alcoholic beverages by the individual drink for on-premises consumption has been authorized. A separate license shall be required for each place of business.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 537.3 of Title 37, unless there is created a duplication in numbering, reads as follows:

A. Every winemaker or winery electing to directly sell its wines to retail package stores and restaurants must obtain a winery self-distribution license and pay the applicable license fee and shall register its products and post its prices with the state in the same manner required of the holder of a nonresident seller license.

B. Every winemaker or winery electing to directly sell its wines to retail package stores and restaurants shall report all sales to retail package stores and restaurants in this state to the Oklahoma Alcoholic Beverage Laws Enforcement Commission and to the Oklahoma Tax Commission at least monthly, or in accordance with such

regulations as such agencies shall adopt and shall pay to the Tax Commission all excise and other taxes imposed by this state upon such wine in the same manner required of the holder of a nonresident seller license.

C. Any self-distributing winemaker within or without this state who shall, in any calendar year, exceed the production volume limit provided for in subsection C of Section 521 of this title, shall immediately notify the Oklahoma Alcoholic Beverage Laws Enforcement Commission of such fact and shall thereafter have the option to sell the wines they produce to every licensed wholesale distributor who desires to purchase the same, on the same price basis and without discrimination, and shall thereafter be allowed to sell such beverages only to such licensed wholesale distributors, or cease to sell its products in this state.

D. All winemakers who conduct business in this state shall be prohibited from creating, forming or participating in any kind of a cooperative or pooled transportation or distribution arrangement.

E. Any licensed winemaker or winery that sells or distributes its wine directly to a retail package store or restaurant in this state after having exceeded the production volume limit provided for in subsection C of Section 521 of Title 37 of the Oklahoma Statutes in any calendar year shall be subject to a fine of Ten Thousand Dollars (\$10,000.00). In addition, if the violation is a second or subsequent violation, the winemaker or winery shall not be allowed to transport wine to a retail package store or restaurant for three (3) years from the date of the second or subsequent violation.

F. If Section 3, Article XXVIII of the Oklahoma Constitution is ruled to be unconstitutional by a court of competent jurisdiction, then any licensed winemaker or winery that then continues to sell or distribute its wine directly to a retail package store or restaurant in this state shall be subject to a fine of Ten Thousand Dollars (\$10,000.00) per violation.

SECTION 4. This act shall become effective upon certification of election returns favoring passage of the Constitutional Amendment proposed in Senate Joint Resolution No. 29 of the 2nd Session of the 51st Oklahoma Legislature.

Passed the Senate the 22nd day of May, 2008.

Presiding Officer of the Senate

Passed the House of Representatives the 22nd day of May, 2008.

Presiding Officer of the House
of Representatives